

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 99-0536P**

**Gross Income Tax**

**Years Ended 12/31/95 through 12/31/97**

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**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer, an out of state corporation, is a provider of security alarm services that operates in several states including Indiana. Taxpayer protests the penalty assessed on an audit completed on June 24, 1999.

Taxpayer failed to correctly include high rate income for gross income tax purposes. At audit, it was determined that the taxpayer made several other errors that affected the loss carry forward for adjusted gross income tax. Although there is no tax effect, the errors either reduce the losses or increase the adjusted gross incomes subject to tax.

1. **Tax Administration** – Penalty

**DISCUSSION**

Taxpayer requests the department waives its negligence penalty because it is a good corporate citizen whose tax liability arose due to the lack of a complete understanding of its responsibilities rather than from a willful attempt to avoid those responsibilities. Taxpayer further states it has taken active steps to correct the situation that resulted in the tax liabilities under the audit.

Taxpayer's audit report revealed that it made several errors and was aware that Indiana receipts are subject to gross income tax. Taxpayer reported gross income in 1997 but failed to do so in 1995 and 1996.

The department finds that the taxpayer was negligent in reporting income to Indiana.

**FINDING**

Taxpayer's protest is denied.